The outcome of company and account manager relationship quality on loyalty, relationship value and performance

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Abstract:

This study explores the effects of perceived relationship quality of the company and account managers with customers. It examines the effects of both types of relationship quality on relationship outcomes including: loyalty, relationship value, and performance. Consistency and relationship-specific investments are tested as mediating constructs between relationship quality and relationship outcomes. The model was tested in the automotive parts industry in Brazil. Findings indicate that relationship quality with account managers is directly related to loyalty and perceptions of relationship value. However, relationship quality with the firm is related to loyalty indirectly, through relationship-specific investment. Further, perceptions of consistency do not mediate the linkage between relationship quality with the company and account managers and specific investments. Theoretical and managerial implications of the findings are presented.

Keywords: relationship quality | relationship value | loyalty | Brazil

Article:

1. Introduction

Inter-firm relationships have been the topic of considerable research and practice, as the formation of inter-firm alliances has become increasingly important (Hutt et al., 2000, Cannon & Perreault, 1999). As Hutt et al. (2000) explain, cooperative relationships help companies acquire new competencies, maintain resources, share risks, gain quicker entry, and attract future investments. The current study explores how a customer's relationship quality with the account manager and relationship quality with the supplying firm influence customer loyalty, performance, and perceptions of relationship value.

Previous research has attempted to understand how relationships between buyers and sellers in Business to Business (B2B) contexts can be more productive and long-lasting (e.g. Cannon & Perreault, 1999). Nevertheless, the role and importance of those responsible for direct contact with the customer warrants additional examination. Hutt et al. (2000) argue that human factors involved in inter-firm relationships are critical in developing long-term relationships and maximizing relationship outcomes. Within the context of collaborative business relationships, researchers have sought to understand the importance of customer contact personnel (e.g., salespeople, account managers, etc.) in the development of such relationships (e.g., Vandenbosch & Dawar, 2002). It appears that interactions between customers and contact staff such as account managers are a source of differentiation in perceived relationship quality. This may be particularly true when discussions focusing exclusively on product and price are not sufficient to win a customer's business.

Research suggests that individual-to-firm relationships are usually short-term with less intensity when compared to individual-to-individual level dyads (Iacobucci & Ostrom, 1996). It appears that individuals reach stronger, quicker and more confident judgments when assessing an individual than when assessing organizations (Doney & Cannon, 1997). Thus, effects on relationship results would be expected to be greater when the relational elements refer to people within the organizations, and weaker when they only refer to the firms. However, if all collaborators of the company, systems, and communications are perceived as one unit (coherence, consistency), this appears to emphasize the role of the firm (Palmatier et al., 2007b). If that is the case, a buyer will tend to attribute gained advantages to the supplying firm and not to an account manager. Buyers attribute more credit to the company when staff actions are standardized and less autonomous (Iacobucci & Ostrom, 1996). What these findings say is that there are important roles for both, the key contact person and the firm, with regard to the development and maintenance of relationships.

The institutional environment plays a key role in the balance of the influence of firm and/or staff influence on the relationship and outcomes. The institutional environment provides a framework for firms to operate (Grewal & Dharwadkar, 2002) and the structure of that framework provides legitimacy to the forms of internal and external relationships on economic and political dimensions (Achrol, Reve, & Stern, 1983). Institutional environments affect governance, social, and relational elements of the channel (Luo, Hsu, & Liu, 2008) as well as the innovations and value creation in such channel relationships (Bello, Lohtia, & Sangtani, 2004). The structure of the institutional environment may in fact favor supplier firms thus leading to a lack of customer or market oriented behaviors. A change in that environment could thereby change the relational characteristics of the channel and the importance of both the firm level and key contact level bonds.

Such an institutional change has occurred in the Brazilian automotive industry. The overall market and the auto industry in Brazil have seen dramatic growth in the past 6 years (Gina Brazil 2008). Law 6729, known as the Lei Ferrari (FerrariLaw), permits new car dealerships to buy up to 25% of spare and replacement parts from a supplier other than the auto manufacturer that the dealer represents. Auto dealers through their franchise agreements, are obliged to buy 75% of the parts acquired from the manufacturer; the remaining 25% is the dealer's choice. Manufacturer's therefore cannot take parts sales for granted and must develop their sales and service efforts to their dealers to ensure customer retention or risk losing some or all of each car dealers' 25% discretionary parts buys, a classic share of wallet situation. This change in the institutional environment of the Brazilian auto industry brings into focus a possible shift in the importance of the relationship evaluation at the firm level and the boundary spanner, or account manager.

This study explores how relationship quality with a firm and a key contact (account manager) influence customer loyalty, performance, and perceptions of relationship value. Also important to this study is the effect of relationship quality on the perceptions of consistency between firm and contacts' actions as well as the investment in the relationship. Examining the effects of relationship quality in a different context than that of a fully developed economy will add considerably to what is known about how relationships between individuals and between individuals and firms influence key customer outcomes.

A theoretical model is proposed and tested in the context of relationships between Brazilian automotive manufacturers and auto parts dealerships. We begin with a review of the literature on relationship quality and then develop the hypotheses that support our theoretical model. We present the sampling frame and data collection along with details of the measures. The results follow and we close with a discussion of implications and future research

2. Relationship quality and hypotheses

The model proposed in Fig. 1 considers relationship quality as a global construct made up of three facets of relationship quality, Satisfaction, Trust and Commitment. Consistency and relationship-specific investment are also used as mediators of the relationship between RQ and the relationship consequences of Loyalty, Relationship Value and Performance. The model suggested is presented. In this section, we begin with the development of with an explication of relationship quality and its underlying components. This is followed by the hypotheses related to outcomes of relationship quality, and concluding with the foundation for the hypotheses related to the proposed mediating variables, consistency and relationship-specific investment.

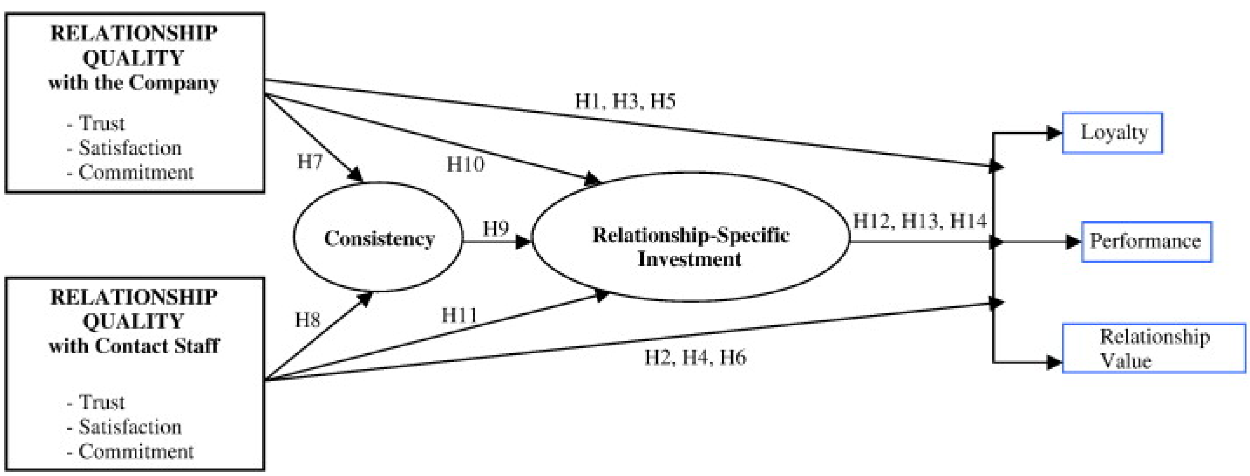

Fig. 1. The relationships among the constructs and hypotheses.

2.1. Relationship quality

Interest in the development and maintenance of collaborative relationships between firms has increased in recent years (Jap, 2001). In particular, a consistent theme in the evaluation of these collaborations is the importance of relationship quality (RQ), generally viewed as an evaluation of the overall of the strength and solidarity of the relationship between exchange partners. What constitutes RQ however, is not consistent (Dwyer et al., 1987, Cannon & Perreault, 1999, Kumar et al., 1995). For example, Dwyer et al. (1987), consider satisfaction, opportunism and trust as components of RQ. Crosby, Evan, and Cowles (1990) use only trust and satisfaction. Taking the trust construct into account, Kumar et al. (1995) added the conflict, commitment, willingness to invest, and expectations of continuity constructs, but did not include satisfaction. The RQ literature frequently points to commitment and trust as critical in establishing/maintaining relationships (e.g. Morgan & Hunt, 1994, Doney & Cannon, 1997). However, other constructs also have been linked to RQ. However, Jap (2001) defines RQ as a higher-order concept involving: satisfaction, fair results and propensity to continue to collaborate. More recently, researchers such as De Wulf, Odekerken-Schröder, and Iacobucci (2001) view RQ as a higher-order construct (second order) represented by the factors: commitment, trust and satisfaction. Palmatier et al. (2006) conducted a study to find whether RQ was a first order or a second-order construct. They came to the conclusion that relationship consequences are influenced more strongly by RQ being treated globally than by the component constructs separately. In this study we conceptualize RQ as a multifaceted global evaluation of the relationship including elements of Trust, Commitment, and Satisfaction.

2.2. Two sources of relationship quality

A principle element in the development of stronger relationships with customers has been the focus on multiple contact points (Meyer & Schwager, 2007) and the management of multiple levels of interaction between buyers and sellers in key relationships (Workman, Homburg, & Jensen, 2003). Grönroos (2000) states that perceptions of quality must be assessed as the summary of contact episodes between the customer and supplier. Multiple contact points suggest different influences and different evaluations of the relationship from based on firm level interactions and the staff or account manager interactions (Anderson & Narus, 1990). Doney and Cannon (1997) find that trust of the supplier firm and trust of the salesperson have distinct effects on the anticipated future interaction. The key contacts between firms are increasingly important as relationships may be damaged if the key contact person were to leave or be terminated (Bendapudi and Leone (2002). More recently, Palmatier et al. (2007a) as well as Rauyruen and Miller (2007) evaluate RQ as a multifaceted construct and from both the firm level and the salesperson/key contact level. Based on existing literature, we evaluate RQ and hypothesize the effect of RQ on two levels: RQ with the supplier firm (organizational/firm level) and RQ with the suppliers account manager (key contact/individual level).

2.3. Outcomes of RQ

2.3.1. Loyalty

Loyalty is a dedication on the part of the buyer to maintain a relationship and a devotion to buy the product or service repeatedly (Oliver, 1997). Loyalty thus has a behavioral component which suggests a repurchase intention but also includes an attitudinal component which is based on preferences and impression of the partner (Sheth & Mittal, 2003). Although there are few studies that directly look at RQ and loyalty, a review of the literature finds a variety of studies that link the elements of relationship quality to both the behavioral and attitudinal elements of loyalty.

Garbarino and Johnson (1999) find that trust can create benefits for the customers by decreasing transaction cost — ultimately fostering customer loyalty to the relationship. Trust and satisfaction both are related to both behavioral and attitudinal loyaly (Chiou & Droge, 2006). Burton, Sheather, and Roberts (2003) find that satisfaction is positively related to repurchase intention and customer loyalty. In a service context, Hennig-Thurau, Gwinner, and Gremler (2002) found that satisfaction and commitment are both drivers of loyalty. Additional work finds that perceptions of commitment can lead to word-of-mouth communication, an aspect of attitudinal loyalty (Dick & Basu, 1994), and can result in future purchase intentions, an aspect of behavioral loyalty (Fullerton, 2003). A comprehensive measure of RQ by Palmatier et al. (2006) found that there is a strong relationship between RQ and loyalty. Based on previous research, we expect that there is a positive relationship between relationship quality with the supplier and account manager and dealers' loyalty to the relationship (Fig. 2). We hypothesize the following.

H1. *Relationship quality with the supplier is positively related to the dealer's loyalty.*

H2. *Relationship quality with the account manager is positively related to the dealer's loyalty.*

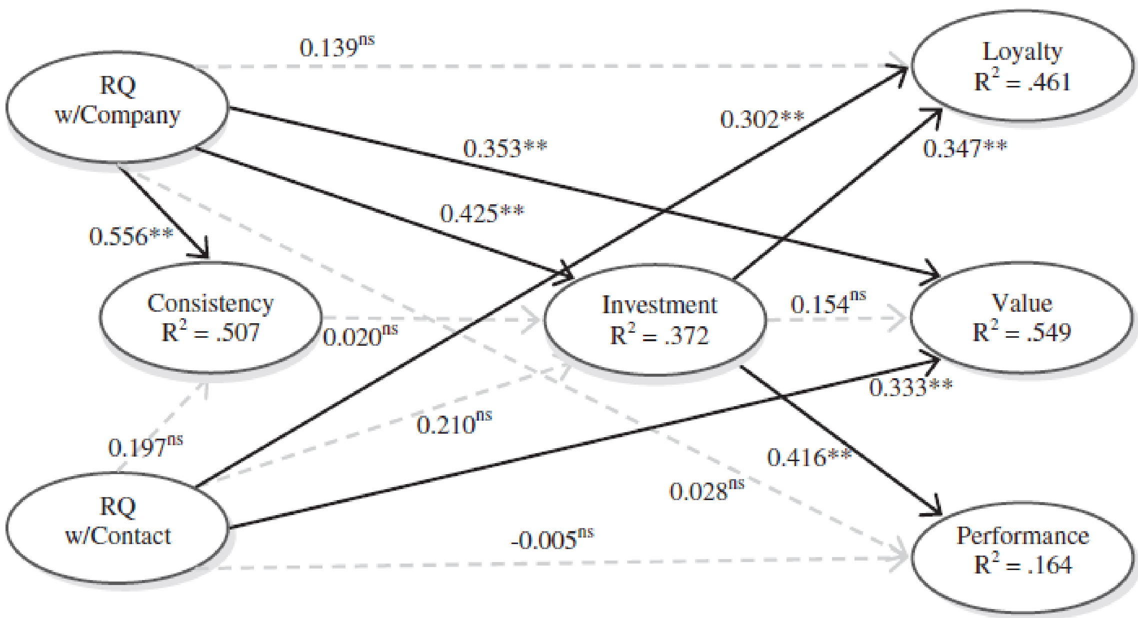

Fig. 2. Structural model–relationship at dealerships.
OBS: NS indicates non-significant weight at the 5% level. **indicates significant weight at 1% one-tailed.

2.3.2. Relationship value

Relationship value is another relevant construct in relationship marketing literature (Ulaga & Eggert, 2006, Walter et al., 2003). It is understood as the value generated from the relationship between two parties when we compare all benefits and sacrifices (Zaithaml 1998). Value is also an outcome of the process of using products/services and the activities between suppliers and buyers. The benefits may vary but Ryssel, Ritte, and Gemunden (2004) distinguish between direct value elements (i.e., profit and volume) and indirect value (i.e., innovation, market, and access). Therefore the evaluations of relationship value go beyond just the short-term performance to include longer run, less intangible outcomes of the relationship. Walter et al. (2003) point out that the main objective of customers and suppliers in a relationship must be to work together while aiming at mutual value generation, which can be created by offering benefits or by reducing costs for customers and suppliers (Ulaga & Eggert, 2006). Synthesizing various perspectives, Ribeiro, Brashear, Monteiro, and Damázio (2009) point out various levels of value that range from a simple transactional value to the co-creation of value between firms. To reach a higher level of value, there has to be a significant alignment and focus by the partners, brought about by a high level of relationship development and relationship quality.

The underlying elements of RQ are the drivers of value in the relationship. Trust as a form of social norm, which may reduce costs of monitoring the relationship and therefore increase the perceived value. As commitment and satisfaction grow, the bonds of the relationship will increase the partners' perceptions of value. Ryssel et al. (2004) found that trust and commitment are both positively related to both direct value and indirect value. These elements of RQ affect both short-term performance driven value and also the long-term value from innovation, access and market development actions. The role of both the frontline account manager and the firm level evaluations may affect the value of the relationship as each provides unique benefits through their personal and structural relationships. Trust in the firm and trust in the frontline employee were found to predict the value in a service context (Sirdeshmukh, Singh, & Sabol, 2002) thus suggesting that a relationship evaluation precedes evaluations of value. Palmatier (2008) finds that RQ is positively related to customer value perceptions. Accordingly, we hypothesize:

> **H3.** *Relationship quality with the supplier is positively related to dealer's perception of relationship value.*
>
> **H4.** *Relationship quality with the account manager is positively related to the dealer's perception of relationship value.*

2.3.3. Performance

Cannon and Perreault (1999) suggested that supplier performance assessments from the customer's perspective represent an important consequence for existing relationships. De Wulf et al., 2001, Sirdeshmukh et al., 2002 consider increased performance to be a result of the efforts put into the relationship. Palmatier et al. (2006) split the consequences of a relationship into three kinds: those focused on the consumer (Expectations of Continuity, Word-of-Mouth Advertising and Loyalty), those focused on the seller (Performance) and the dyads (Cooperation). We focus on the seller's evaluation of performance and focus on success, margin and financial gain (Palmatier et al., 2007c, Lusch & Brown, 1996.

Relationship quality has been associated with increases in profitable outcomes, such as product and services sales (Huntley, 2006), seller objective performance (Palmatier et al., 2006), and purchasing efficiency (Han, Wilson, & Dant, 1993). In addition, RQ can increase continued purchasing intention (Rauyruen & Miller, 2007) which are key to continued success. Relationship quality can also have a positive effect on performance even in light of destructive acts by a partner. Hibbard, Kumar, and Stern (2001) found that pre-act RQ had a positive effect on performance (archival and self rated) even after an episode of a partner's destructive acts. This suggests that RQ has strong residual effects on performance, and shows the importance of RQ in a longer range view of performance. Accordingly, we hypothesize:

> **H5.** *Relationship quality with the supplier is positively related to the dealer's performance.*

> **H6.** *Relationship quality with the account manager is positively related to the dealer's performance.*

2.3.4. Consistency

Interactions with organizations over time begin to reveal patterns of behavior. Consistency is related to a customer's perception that there is a standard or coherent way to act by all company staff (Palmatier et al., 2007b). Consistency occurs for example, when the contact person or salespeople's attitudes tends to be similar to the assessments made of the organization as a whole (Iacobucci & Ostrom, 1996). The importance of consistency lies in the evaluation of how closely the actions of players (organizational or individual) seem to be following a similar pattern. In the evaluation of RQ, consistency is seen when the actions of both the firm and key contact person (account manager) coincide and are similar or divergent. The higher the level of behaviors focused on the partner, the higher the level of consistency. Palmatier et al. (2007b) use consistency as a moderator of relationship enhancing elements and loyalty outcomes. We however believe it is an outcome and mediator of RQ.

The patterns of behavior observed in a relationship will be driven in part by the adjustment of the two parties and to the level of relationship development (Dwyer et al., 1987). As higher levels of trust, commitment and satisfaction (RQ) evolve, buyers and partners to the exchange will begin to perceive these as the norm of behavior. Norms imply a perception of expected behavior (Heide & John 1992). As RQ increases, the expectations and evaluations of the behaviors by both the firm and the account manger should become more consistent. As consistency increases, customers perceive the selling company's policies, procedures, and actions as consistent and likewise for the key contact personnel (Palmatier et al., 2007b). The key is the level of RQ that are perceived. Higher levels of RQ reflect the higher level of future expectations, and the firms will be evaluated as more consistent. In short, we posit that as RQ increases, the level of consistency will increase. As such, we hypothesize:

> **H7.** *Relationship quality with the supplier is positively related to the dealer's perception of consistency.*

> **H8.** *Relationship quality with the account manager is positively related to the dealer's perception of consistency.*

A customer's perception of consistency also can increase evaluations of service reliability, which has a strong positive impact on perception of relationship-specific investment (De Wulf, Odekerken-Schröder, & Van Kenhove, 2003). Consistency as part of an overall evaluation of the relationship stability is also related to a firm's investment in the relationship. To maintain higher levels of consistency requires both a higher level of normative development but also an investment in the relationship. Such perceived investments could be considered commitments and pledges to the partner firm (Fein & Anderson, 1997) and an impetus to increase their own investment. The consistent behavior provides a level of relational safeguard (Bensaou & Anderson, 1999). High levels of consistency in the policies and actions of the firm and account manager will lead to higher levels of investment in the relationship. Based on this, we hypothesize that:

> **H9.** *Dealers' perception of consistency is positively related to dealers' relationship-specific investment.*

2.3.5. Relationship-specific investment

This study deals with relationship-specific investment as a compound mediator which can influence the impact of relationship quality on its relationship outcomes, as well as the impact of consistency on relationship outcomes. Customers' relationship-specific investment implies a customer's intention to building stronger relationships by investing time, effort, and resources (Palmatier et al., 2006). The need to invest in a relationship comes from the possibility of losing existing partners and switching to new partners. This implies a potential cost. Previous research has identified the positive link between satisfaction and the customer's perception of switching costs (Patterson & Smith, 2003). Firms with high levels of RQ are likely to perceive higher switching costs (Beatson, Lings, & Gudergan, 2008) given that the relationship will be harder to replace. The greater the RQ with key contacts, the higher the switching costs if there is a change in the key contact person (Bendapudi & Leone, 2002). Switching costs imply the possible loss of existing investments or performance from a change in relationship partners and suggest a need to invest in the relationship to maintain the partnership and performance levels.

Perceptions of relationship commitments lead to specific investments by partners (Anderson & Weitz, 1992). Higher levels of relationship quality, including the high levels of trust, satisfaction and commitment, lower perceptions of opportunistic behavior, and increase the specific investments. Fang, Palmatier, Scheer, and Li (2008) find that the strength of the relationship leads to higher levels of investment. Relationship quality also affects inter-firm adaptation (Woo & Ennew, 2004) and this adaptation implies considerable relationship-specific investment which cannot be transferred to other business relationships (Hallén, Johanson, & Seyed-Mohamed, 1991). Thus, we can expect a positive relationship between relationship quality and customers' relationship-specific investment. Accordingly, we hypothesize that:

> **H10.** *Relationship quality with the supplier is positively related to buyers' relationship-specific investment*.

> **H11.** *Relationship quality with the account manager is positively related to buyers' relationship-specific investment*.

2.3.6. Effects of relationship-specific investment

Relationship-specific investments are key features of business relationships which create future expectations that help maintain and strengthen relationships between partners (Crosby et al., 1990). As specific investments increase, it becomes more *difficult* to switch to another partner (Lohtia & Krapfel, 1994). Anderson & Weitz (1992) suggest that investments in relationships are forms of credible commitments. Firms that invest are reflecting a longer-term focus and that they are locking into the partnership. Commitments in the form of investments also reflect an expectation of continuity or a pledge to a partner (Fein & Anderson, 1997, Anderson & Weitz, 1992). Such pledges are made to suggestion loyalty to the partner but also increase dependence in anticipation of future interactions. They are signals of a vulnerability to the partner also a sign of loyalty to the relationship.

Specific investments also serve to increase productive capacity of the relationship, improving efficiency and productivity (Anderson & Weitz, 1992). These specific investments are based on direct applications to the partnership and would normally be matched to key operational characteristics. It is anticipated, that these investments will have a positive effect on performance. Fang et al. (2008) find that investments in a coentity are directly related to the performance of that coentity. In addition, investor's specific investment can reduce investor opportunism which leads to higher performance (Crosno & Dahlstrom, 2008). The investment in land, labor, or equipment that is specifically matched to the relationship, leads the investor to reduce any potential shirking or information withholding, as it may bring about retaliation which would lower performance. Eliminating such behaviors increases the productivity of the relationship. That is, the more relationship-specific investments dealers make, the less opportunistic they are and the greater the relationship performance.

We propose that specific investment by dealers will increase their perceptions of relationship value. The increases in these investments also increase commercial skills, enhanced value creation and future performance (Palmatier et al., 2007b). The level of these investments also increases the value of the partner to ongoing success and this has been positively related to relationship value (Barry & Terry, 2008). Thus, we can predict that dealers' relationship-specific investment can increase loyalty, performance and evaluations of relationship value. We present the following hypotheses.

> **H12.** *Dealers' relationship-specific investment is positively related to dealers' loyalty*.
>
> **H13.** *Dealers' relationship-specific investment is positively related to dealers' performance*.
>
> **H14.** *Dealers' relationship-specific investment is positively related to dealers' perception of relationship value*.

3. Methodology

3.1. Sample

The sampling frame for this study was drawn from a national database of new car auto dealers in Brazil. Preliminary investigations suggested that larger firms had a specific account manager or direct contact person at the auto manufacture. This is important as we were attempting to gauge the relationship with both the firm and key account manager. Therefore we limited the sampling frame to larger dealers. Based on our evaluations, the number of employees was chosen as the size measure, as it corresponded to the overall size of a dealership. We then chose randomly, firms with 80 employees or more for our mailing.

An email was sent to 386 potential respondents across the country with a link to the online survey. Initial contact was made and follow-ups were sent over a 45 day period. At that time, the 122 respondents had accessed the survey. Of those, we obtained an initial sample of 81 respondents, but due to missing data only 66 respondents were included in the final study. Among the respondents 58% came from the three largest auto manufacturers, Chevrolet, Fiat and Volkswagen, representing 58% of the sample. Moreover, 80% of questionnaires were completed by managers responsible for the internal parts and the other respondents were key informants on the spare parts purchasing at their dealership as designated by their firms. The respondents were spread all over the regions of the country with a greater concentration in the south and southeast regions, the economic heart of the country (76%). The number of employees of the firms studied was concentrated at firms with less than 200 (43%) and more than 400 (32%). A high percentage, 60% sell less than 200 vehicles per month. We found no bias at the item and construct level based on early/late response, region, auto manufacturer, or size of the firm. Our results find that the sample achieves representativeness of the Brazilian sellers and represents 17% of the responses from the initial association list.

3.2. Measures

Scales for each construct were taken from previous studies (see Table 1) and adapted for the context of this study. All scales were assessed with regard to their construct validity in the market context (Singh, 1995) and the measures were translated using a double back translation approach recommended by Craig and Douglas, (1995) to make sure that translated items retained their original meaning. All items were assessed using a 7-point ordinal scale with responses ranging from totally disagree (point 1 on the scale) to totally agree (point 7 on the scale).

Table 1. Measurement: sources, items and loadings.

	□ij
• RQ company	
Satisfaction (Palmatier et al., 2007a, Walter et al., 2003)	.76
Affective trust (Palmatier et al., 2007a, Walter et al., 2003, Morgan & Hunt, 1994)	.91
Competence trust (Walter et al., 2003, Morgan & Hunt, 1994)	.91
Commitment (Morgan & Hunt, 1994)	.93
• RQ account manager	
Satisfaction (Palmatier et al., 2007a, Walter et al., 2003)	.68
Affective trust (Palmatier et al., 2007a, Walter et al., 2003, Morgan & Hunt, 1994)	.83
Competence trust (Walter et al., 2003, Morgan & Hunt, 1994)	.78
Commitment (Morgan & Hunt, 1994)	.89
• Value (Ulaga & Eggert, 2006, Ritter, 2007)	
Taking into account all the costs and benefits associated to our relationship with [company], I believe that the relationship is valuable to my company.	.71
I consider the activities proposed by [company] (information, processes, technology, customer service, etc.) to be of great value.	.82

	□ij
The financial costs, the time and physical energy I spend when dealing with [company] are rewarded by the benefits obtained from our relationship.	.79
Compared to other suppliers, our relationship with [company] accrues more advantages to us.	.64
Compared to other suppliers, the financial returns I receive by operating with [company] are much greater.	.73
• Loyalty (De Wulf et al., 2001, Palmatier et al., 2007b)	
As to the commercialization of [product mentioned], I will do more business with [company] in the next years than I have in previous ones.	.72
We wish to go on doing business with [company] because we are happy with our relationship.	.79
I intend to intensify my relationship with other suppliers of [product mentioned].	.78
• Investment (Palmatier et al., 2006, Palmatier et al., 2007a, De Wulf et al., 2001, Ganesan, 1994)	
We have made significant investments in sales and marketing personnel training, plus other actions.	.79
If we reduce the commercialization of [product mentioned], we will lose much of the investment we have already made in this relationship.	.52
We have substantially invested in developing people in the processes and services suggested by [company] to commercialize [product mentioned].	.76
• Performance (Palmatier et al., 2007c, Lusch & Brown, 1996)	
Contribution by [company] to my dealership's success is…	.71
The profitability of products made by [company] is...	.57
The margin obtained with products from [company] is...	.62
• Consistency (Palmatier et al., 2007b)	
Everyone I deal with at [company] treats me the same.	.91
The behavior of [company] employees is very consistent.	.93
Everyone I deal with at [company] behave in a similar way.	.84
All the interfaces (people, technology, processes, etc...) at [company] show a consistent quality standard.	.91
The quality of the services rendered by [contact staff] is compatible with the level of services I receive from [company].	.88
Company] offers [contact staff] whose attitudes are compatible with what could be expected from this company's employees	.69

The final measurement model and structural models were tested using PLS (Haenlein & Kaplan, 2004) due to sample size limitations. Composite reliability and average variance extracted were assessed as recommended evaluations for construct reliability and validity (Fornell & Larcker, 1981). The constructs all met or exceeded the value recommended for composite reliability of .70 as seen in Table 1. Except for Originality, all average variance extracted measures exceeded .50 or above, which is sufficient according to Bollen (1989). Discriminant validity was assessed by comparing the average variance extracted and the square of correlation between the constructs (Fornell & Larcker, 1981). Correlations are seen in Table 2 and by comparison, the average variance extracted exceeded the squared correlations which indicate the discriminations among the latent variables defined in the conceptual scheme of this paper. We therefore conclude there are no serious limitations with regard to the measurement.

Table 2. Assessing the discriminant validity of the constructs.

Constructs	**1**	**2**	**3**	**4**	**5**	**6**	**7**
1. Consistency	.75						
2. Investment	.19	.49					
3. Loyalty	.15	.34	.60				

Constructs	1	2	3	4	5	6	7
4. Performance	.12	.16	.04	.45			
5. QRE	.49	.35	.32	.05	.64		
6. QRP	.36	.28	.34	.03	.53	.77	
7. Value	.25	.29	.34	.04	.47	.45	.55
Cronbach's alpha	.94	.74	.81	.71	.87	.93	.86

Note: *Values in the main diagonal correspond to the average variance extracted (AVE) from the constructs. Values below the diagonal correspond to the square of the correlation coefficient among the factorial values in the sample, estimated through PLS.

4. Results

The research framework provides several interesting insights into the inter-firm relationships being examined. The first important finding is that RQ with the firm is not directly related to either customer loyalty (H1) or performance (H5), while it is related to customer perceptions of value (H3) as is RQ with the account manager (H4). RQ with the firm and with the account manager jointly explain 54.9% of the variation in relationship value. However, in contrast to RQ with the firm, RQ with account managers is positively related to customer loyalty (H2) providing additional support for the idea that individual level relationships may result in somewhat stronger levels of customer loyalty. As was the case with RQ with the firm, RQ with the account managers was also not related to performance (H6).

With regards to consistency, only relationship quality with the firm is related to consistency (H7) with RQ with the account manager not demonstrating significant results — not supporting H8. Another interesting finding is that only RQ with the firm is related to relationship-specific investment (H10) and explains 37.2% of the variation in that construct. Neither RQ with the account manager (H11) nor consistency (H9) is related to relationship-specific investment.

Finally, relationship-specific investment exerts a significant influence on performance, supporting H13, and explains 16.4% of the variation in performance. A second key finding is that relationship quality with account managers (H4) and relationship-specific investment (H12) together explain 46.1% of the variation in loyalty. It is interesting to notice that the relationship investment → relationship value (H14) was not significant.

A final finding of interest is that the high R^2 in relation to the consistency construct indicates strong variation of the construct in relation to relationship quality with the firm. It should be stressed that the relationship consistency → investment was not significant, independent of the relationships among the RQ constructs. In other words consistency is not a mediator of the direct RQ relationships hypothesized. Table 3 presents an overview of the results.

Table 3. The result of the hypotheses testing.

Hypotheses		Results
H1	RQ w/company → loyalty	NS
H2	RQ w/company → performance	NS
H3	RQ w/company → value	S
H4	RQ w/account manager → loyalty	S
H5	RQ w/account manager → performance	NS
H6	RQ w/account manager → value	S

Hypotheses		Results
H7	RQ w/company → consistency	S
H8	RQ w/account manager → consistency	NS
H9	RQ w/company → investment	NS
H10	RQ w/company → investment	S
H11	RQ w/account manager → investment	NS
H12	Investment → loyalty	S
H13	Investment → performance	S
H14	Investment → value	NS

5. Discussion and conclusion

Study results indicate that, while only seven of the 14 research hypotheses were confirmed, even those that were not significant provide some valuable insight into the value of relationships in B2B channel settings. The first important result is that, in this study, RQ with account managers directly influences loyalty. However, RQ with the company is not directly related to loyalty. This result reinforces previous studies that highlighted the importance of contact staff in generating committed relationships between companies. It appears, as indicated by Iacobucci and Ostrom (1996) that the individual level relationships may result in somewhat stronger bonds than individual-to-firm relationships. This further reinforces the importance of account managers (salespeople) in their role of representing the firm in the mind of the buyer. Study results indicate that when there are relationship-specific investments, RQ with the company is indirectly related to loyalty through those investments. This finding reinforces the importance of manufacturers' providing strong support and incentives to dealerships to increase the probability that they will adopt the standard procedures, processes, and management systems suggested by the manufacturers. RQ with the account manager, while directly related to loyalty is not seen as being related to specific investments by the firm. This indicates that buyers can separate the influences and effects of having strong relationships with account managers and with the manufacturer and that each of those linkages can provide an advantage to the supplier in terms of building loyalty on the part of their channel customers.

Another interesting finding is that consistency is not a mediating construct between relationship quality and relationship investment. Consistenc*y* is only associated with RQ with the company. This result is understandable, since the perception of consistency emphasizes the customer's focus on the organization as a whole rather than a perception that is more focused on the individual account manager. However, the long-term value of consistency may be limited since it is not related to perceptions of relationship investment.

Results also show that relationships in this market seem to be, at least, somewhat affect or emotion based. This is illustrated by the fact that loyalty cannot be directly explained by RQ with the company. Instead, it is related to the RQ with account managers. It appears that in the study context, personal relationships are the link that binds customers to the supplier. At the same time, relationship value is explained by both RQ with the firm and RQ with the account manager. This indicates that customers may see different types of value being provided by the manager and firm and that they value both inputs and see both the firm and account manager as providers of valued resources. This suggests that managers in manufacturing firms need to make sure that they support the efforts of account managers in providing value to customers whether it is based in personal contact and service from the account manager or based in providing real, concrete provision of support such as point-of-purchase displays, rapid delivery of parts, the provision of credit or other capabilities that a supplying firm may bring to bear for their dealerships.

Furthermore, performance (a construct that is highly linked to monetary and transactional aspects) is only explained by specific investments ($R^2 = .164$). This finding suggests the possibility that other factors not covered by the model are related to customer performance. This study represents both a theoretical and managerial contribution to the discipline of marketing, as it defines and explores the relationships among important relational concepts that are present in literature, these include: RQ, consistency, specific investments, loyalty, and relationship value.

Overall, the study helps managers in organizational markets by revealing the importance of a firm's account managers in generating customer loyalty and perceptions of value from the relationship. It appears that the front-line person in this sales situation is as important as he/she is in a big-ticket retail automobile context (Goff et al., 1997). It also identifies the constructs that must be monitored to maximize long-term results and the likelihood of maintaining the relationship.

5.1. Limitations

Like many studies, this study has some limitations. First, the sample is from one industry and provides a strong test of the model in this context. Only through additional study can the degree of generalizability of current findings to different business contexts be determined. Likewise, it is in a developing economy which may mean that the findings do not translate to more or less developed economic settings.

Although the study does not provide a strong prediction of performance, it begins to develop what may become an exhaustive model of firm performance in a B2B channel setting. A future research challenge may be to look at additional constructs to attempt to enhance prediction of their effect on performance relationship quality.

5.2. Future research

From an academic perspective, the study suggests several avenues for future research. First, the role of account managers as well as other customer-contact personnel vs. the firm's role in establishing and maintaining customer relationships is an area that has received relatively little attention. It is possible that findings in this area are specific to the industry being studied. Conversely, the findings in other industries may be similar or even more profound. Thus, similar research should be conducted in other contexts to determine how much of a role is played by the industry setting in determining the importance of customer-contact personnel compared to the role of the firm in building customer loyalty and perceptions of value from the relationship. Likewise, the relative importance of relationship-specific investments in insuring customer loyalty is another avenue for research that needs additional study in order to be able to provide more generalizable results across industry settings. Finally, it would be interesting to conduct similar studies in other cultural contexts and in economies at different levels of sophistication to determine if these relationships are similar in very different settings — either from a cultural or an economic perspective.

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